

Declining Employee Performance in Public Sector Organizations: An Etiological Study of Public Sector Organizations in Pakistan

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ABSTRACT

Declining employee performance is the most widespread problem in public sector organizations. The purpose of this study is to identify the genetics, reasons and domain of poor employee performance in Pakistan's public sector organizations. Employee performance has been center of attention for researchers for many years due to the difference of competence level between private and public sector organizations. The study examines the determinants of decreased level of employee performance in public sector organizations. This paper reviews and evaluates the academic literature, articles, performance evaluation reports, global competitiveness indices and books relating to employee performance to gather information. The study found that corruption and political interference have significant effect on employee's performance. Whereas, environmental factors; lack of training/processes/technology and lack of employee participation in the decision making have little impact on the employee's performance. The results of this study are

useful for policy makers as well as authorities concerned with devising performance management system in public sector organizations.

Keywords: Public sector, employees, declining performance, politicization, corruption, environmental factors, Pakistan.

INTRODUCTION

It is a fact that in today's world the economy is most critical factor for the development of any country. The economic prosperity ensures sovereignty, stability and development of a country. And economic prosperity can only be achieved through high level of performance, good governance, focused national strategies and industrial growth. Governments in any part of the world are responsible to manage the public resources to generate maximum public good. Government plays vital role in various aspects that directly impact on citizen's welfare. Government institutions are responsible for providing basic services such as security, law and order, justice, health,

education, employment, transportation etc. Pakistan's public sector is not very efficient due to various reasons, which include lack of accountability, political influences, lack of resources, delayed projects. In addition to this over staffing, unskilled work force, low compensation and benefits, unfair employment opportunities and promotion criteria are also potential problems that hinder employee performance.

The governance conditions are worst in Pakistan than most parts of the world. The Global Competitiveness Index (GCI), which measures competitiveness of an economy on the basis of 12 major indicators. Pakistan has lost on almost all indicators of performance and ranked at 124 in 2012-13. The World Bank has stated in its reports that Pakistan's bureaucracy is having structural problems. Although plenty of efforts have been made to improve governance but politicization is the foremost barrier in implementing policies to establish culture of performance in Pakistan. The Transparency International Pakistan in its National Corruption Perception Survey (NCPS 2012) stated that corruption in last five years has increased by 400% in Pakistan. According to Transparency International Pakistan, the main reasons of corruption were lack of accountability, lack of transparency and unlimited powers.

It is a fact that bureaucracy in Pakistan is astonishingly problematical by different rules and regulations. While dealing with bureaucrats it requires some personalized relationships and third party interference to get work completed in appropriate time. The

accumulated effects of poor employee performance of government institutions result in massive economic losses, energy crises, decline in industry, poor health and education facilities, delayed projects, corruption, disturbances prevailing in citizens and other number of crises.

In order to generate clear understanding of performance dilemma in public sector, we studied its genetics as well as its domain to explore when poor performance culture induced and where it is common. As we know that Pakistan was fastest growing economy in Asia during 1960's, all economic indexes illustrate that institutions were performing well in all directions. Then we adopted nationalization policy, it results in gradual decrease of performance in public sector.

In this study we analyze numbers of researches conducted on employee performance measurement in public sector, which use various models to identify the significance of factors like civil servants wages, internal enforcement of policies, autonomy of organization, external influences, transparency and politicization as variables that affect quality of employee performance in public sector. This research aims to investigate the factors that stimulate or hinder the government servants to perform competently. The factors thus identified can be used to enhance the employee and overall performance of the public sector in Pakistan.

LITERATURE REVIEW

PUBLIC SECTOR DEFINED:

Public sector organizations have broad-based responsibilities of serving “people”, taking care of their interests, enable suitable environment for business, provide sound policies, information, assistance etc. According to World Bank “it is imperative for the state to create, sustain and augment institutional structures befitting the myriad of minimal, intermediate and activist functions it performs to improve social equity and address market failure (The World Bank, 1997, p. 27). First of all we will discuss the ‘public sector’, it is important to understand the word “Public” in public sector. A statement by Ranson and Stewart (1994: 59-60) generate clear understanding about the functions and obligations of public sector that is “The essential task of the public domain can now be interpreted as enabling authoritative public choice about collective activity and purpose. In short, it is about clarifying, constituting and achieving a public purpose. It has the ultimate responsibility for constituting a society as a political community which has the capacity to make public choices. Producing a ‘public which is able to enter into dialogue and decide about the needs of the community...is the uniquely demanding challenge facing the public domain.”

In the above statement it has been stressed that the basic purpose of public sector is “collective” activity, purpose, and choice for the welfare of people.

PERFORMANCE DEFINED:

Briscoe and Claus (2008) defined Performance management is a systematic process for improving organizational

performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term.

New approach towards performance management describes that organizational values, employee participation, continuous and objective assessment, mutual goal setting, customer focus and use of key performance indicators are inevitable for the successful working of public sector organizations. But Max Weber, designer of bureaucratic style of management argues that only bureaucracies are capable of taking rational decisions and state political leaders can direct and mobilize state organizations. Weber defends that Bureaucratic types of organization are technically superior to all other forms of administration, much as machine production is superior to handicraft methods. The characteristics of an ideal bureaucracy have been identified by Weber as Hierarchy of authority; Impersonality; Written rules of conduct; Promotion based on achievement; Specialized division of labor; and Efficiency (‘Max Weber on Bureaucracy’). Weber’s notion of bureaucracy is not without criticism. Some have claimed that he liked bureaucracy, that he believed that bureaucracy was a “rigid” organization. Others have pronounced Weber “wrong” because bureaucracies do

not live up to his list of “ideals.” Others have even claimed that Weber’s bureaucratic organization is “imaginary”.

Stephen P. Osborne (2002: 3) argues that “public sector organizations perform poorly in many developing countries’ because of ‘poverty, economic crisis, corruption and political instability’. On the other hand, this is not to suggest that public sector is incompetent of performing well all over the developing countries. On the basis of in-depth empirical verification, Grindle explains that it is possible to point out key organizational characteristics which enable optimal performance; including “an attention to organizational values and cultures and positive human resource management.” (Stephen P. Osborne (2002: 3) Public Management: Critical Perspective Volume 4).

Organizational values, customer focused strategies and effective performance evaluation is necessary for the successful working of public sector organizations. The possible reasons for variation in performance include the characteristics or needs of the people served; the skills or motivations of the direct service workers; the quality of local site management; the clarity of policy direction; factors in local environment; the extent of system-wide coordination; strength and enforcement of performance incentives; and other structural characteristics of system. Some of these factors are likely to be much more influential than others, making it important to know which factors matter most if better system performance is to be attained (Laurence E. Lynn Jr. et. al 2000).

Wright & Bonett in 2002 observed accountability as a variable influence job performance, Cronin & Becherer, 1999 and Fort & Voltero, 2004 found non-financial rewards like recognition of achievement and McConnell, 2003; Tzeng, 2004 found job satisfaction influenced job performance. Researchers found various factors enhance or reduce employee performance but most of the researchers are convince that accountability, reward and environmental factors have positive influence on employee job performance.

LACK OF ACCOUNTABILITY

Public sector of Pakistan is not well-reputed due to corrupt practices, bureaucratic and political influences, and incompetent appointments by influential individuals of the staff, scarcity of resources and low salaries of government servants. Dr. Sultan Khan (2002: 250) argues that “in Pakistan the bureaucracy which is the tool of government to provide all facilities to the citizens, failed to provide anyone... Expanding bureaucracy’s means and increasing their expenses resulted in lowering the productivity of the country; which made the system closed.” Hence, bureaucracy has created a dilemma for the people of Pakistan. It is perceived that government organizations lack technology, process and training but it is not the case. Most of the public sector organization have reasonable budget allocated for training & development, acquiring new process and technology but due to less motivation, corruption, biasness and political pressures

these programs goes in vain. It is found that employee's selection for training is on the bases of nepotism/favoritism instead of merit and selecting incompetent firms for process or technology re-engineering that gives lowest bid and pay bribe to high officials. That is why public sector organizations not succeeded to produce expected outcomes through training and technological innovations.

CORRUPTION

It encourages extensive corruption, while at the same time lowering morale and increasing ineffectiveness. Many capable officials wish to join the private sector. It is observed that low salaries and benefits are a major cause of bureaucratic inefficiency. The decline in employee performance is largely due to low salaries and wages as compare to private sector. (Reforming Pakistan's Civil Service).

RECRUITMENT IN PUBLIC SECTOR

Definitely being an Asian tiger by now" Abdul Hameed. M. Dadabhoy, Interview with Daily Dawn September 9, 1995. This statement describes the whole picture that our public sector was performing quite well during 1960's. As all development indicators show that our economy was fastest at that time in entire Asia. Our public sector organization PIA, which is declining today, has developed Chinese national flag carrier airline and world's leading airline Emirates Airways. The Nationalization process in Pakistan was a policy measure program in the economic history of

Pakistan, first introduced, Zulfikar Ali Bhutto in order to lay the foundation of socialist economic reforms to improve the growth of national economy of Pakistan. Since the 1950s, the country had a speedy industrialization and became an industrial paradise in Asia. But, as time progressed, the labor trade unions and labor-working class had strained relations with the industrial business oligarch classes, completely neglected the work conditions and failed to provide healthy environment to the workers class in the industries. "Riazuddin, Riaz: Pakistan: Financial Sector Assessment (1990-2000)

RATIONALE

It is a fact that poor performance is widespread in our public organization. The increasing losses of public organizations in Pakistan seem to be a challenge for state. The government is spending Rs. 400-600 billion per year on these organizations as a result of this reducing allocation for the development budget. Therefore, it is essential to identify the underlying causes of poor performance in public organization. The objective of this research is to identify the determinants of employee performance. An effective performance management system can be developed by using these determinants. The findings of the research will be very productive for public sector organization as it will highlight the grey areas in employee performance. Moreover, the findings of this research will be helpful in devising any performance management mechanism in public sector organization.

HYPOTHESES

H1	The decrease level of performance will be because of political interference.
H2	The decrease level of performance will be because of low environmental facilitation i.e. a) lack of technology b) lack of process c) lack of training
H3	The decrease level of performance will be due to corruption
H4	The decrease level of performance will be due to lack of employee participation in the decisions making

METHODOLOGY

This is an exploratory research conducted to identify the factors that induce or hinder public officials to work efficiently for providing service to the public. The content analysis method is used in this study. The data has been collected from articles, performance evaluation reports, global competitiveness reports, judicial reports and books relating to employee performance. After the collection of information, it is studied that which factors cause major affect on employee performance. On the basis of expert's opinion elicited in their research studies and findings of the reports on employee performance are used to drive results. Moreover, factual data, economic indicators and surveys results are also used in identifying the most relevant determinants of employee performance in public sector.

ANALYSIS AND DISCUSSION

What is decreased level of performance in organization?

The decrease level of performance in organization can be defined as below

standard employee performance, absenteeism, delayed process, loss of revenue. In addition to this poor public image, inability to promptly deal customer complaints and reduction in operational capacity is also considered as decreased level of performance in organization.

Where it is common?

Stephen P. Osborne (2002: 3) states that "public sector organizations perform poorly in many developing countries". It is a fact that decreased level of performance is more common in public sector organization due to lack of ownership, accountability and in efficient management system. Whereas private organizations have ownership, effective management system and profit focused strategies that enforce them to work effectively. In private sector employees performance directly linked with their pay. However in public sector organizations employee receive pay increase on the bases of length of their service (seniority) instead of job performance. Private organization uses performance appraisal to take objective decisions regarding employee's promotion,

demotion and termination. Performance management work as positive or negative reinforcement at the same time by encouraging through rewards; (increment, perks, promotion, appreciation) if perform effectively otherwise they will be terminated on the bases of underperformance. Most of the public sector organizations do not have any effective performance evaluation

- Police Services
- Railways
- Pakistan Administrative Group
- PIA

The growing losses of state-owned enterprises (SOEs) in Pakistan seem to be a challenge for economic managers. Inefficiency, mismanagement, corruption, political influences and vested interests are considered responsible for the huge losses and poor performance of these state-owned corporations.

At what level decreased level of performance is common?

Poor performance is an upside down practice. It is a fact that without the consent of top management any corruption, negligence, misconduct, absenteeism is not possible. Therefore, it can be said that it is decreased level of performance is frequent throughout all levels and position

What are the reasons for decreased level of performance in public sector organizations?

The most widespread reasons for decreased level of performance are lack of

system, which set an objective criterion for promotion, demotion and termination. Government employees enjoy high job security and promoted on various bases, which include nepotism, paying-off, political affiliation and tenure of their job.

Large organizations that are experiencing decreased level of performance in public sector are:

- WAPDA
- Steel Mill
- Land Revenue
- Customs and taxation

accountability corruption and absence of objective evaluation mechanism. There is no proper check and balance mechanism in public organization that allows government employees to do anything after getting job in government organization. No objective assessment criterion is defined as NCGR reported that, “the system of performance evaluation reports to be highly subjective and a stick used by some immediate superiors to force obedience and obsequiousness among their subordinates”.

Corruption is another reason that is affecting efficiency and performance of public sector employees. corruption can be defined as misuse of an employee’s authority by not fulfilling their responsibilities properly; not taking care and protecting public’s interests; stealing wealth and resources from organization; exercising unjustifiable power on policy making and performance process; and employing unskilled workers for jobs that demand proficiency. In addition to this Bureaucratic corruption include abuse of

discretionary power, misuse of regulatory authority, as well as institutionalized powers. Furthermore, recruitments, postings and promotions are given through bidding the highest rate or political pressure is also cause massive damage to public sector organizations.

Last but not the least is absence of proper performance evaluation mechanism that hinders employee performance. Government employees get promotion, increment and transfer on the bases of nepotism, favoritism, and political affiliation rather than job performance.

What are the genetics of decreased level of performance in public sector organization?

Intensive study of public sector organizations from 1950 till today reveals that government organizations were highly effective and efficient till 1970. Abdul Hameed. M. Dadabhoy state that "Had we gone at the rate of growth during the decade of 1960's, I reckon we would have definitely been an Asian tiger by now". All economic indexes which include Gross National product, Gross Development Product and foreign exchange index demonstrate that Pakistan was leading in Asia. Pakistan has highest economic growth rate during 1960's. Our public organization that are experiencing worst recession today, were considered elite in their fields. For instance Pakistan International Airline (PIA) is facing most terrible decline in its history and requires Rs. 200 billion every year from government in order to remain operational. Is it always in similar situation? Obviously

not PIA has developed world's leading Airline Emirates airways. It not only works as Chinese national airline but also help them in developing their national flag carrier. PIA was renowned for its services and customer care but now it is close to financial collapse.

Since the 1950s, the country had a rapid industrialization and became an industrial paradise in Asia. Zulfikar Ali Bhutto adopted nationalization policy in 1970's in order to improve the growth of national economy. But after nationalizing all large corporations, mills, factories and banks government failed to manage them effectively. Bhutto allowed unlimited powers to labor unions and also recruited large number of employees on political bases. Consequently, the organizations that were earning huge revenues before nationalization converted into burden on national economy after nationalization due to lack of ownership, accountability and corruption.

Is it learned or by nature?

It is learned through social adaptation. When hard working employees do not get any benefit or development in their job through their job performance, then they adapt the attitude of non performers. Because they learnt that the standard for success in their organization is something else instead of job performance.

Is decreased level of performance due to political interference?

To certain extent it is right because political pressures are used for recruitment, promotion and transfer in government services. According to Transparency International (TI)'s report 2012 more than 44 percent of government servants have paid a bribe or used source (political affiliation) to get a service in public sector. "Politicization of the bureaucracy contributes to its dysfunction, with promotions increasingly dependent on officers' immediacy to those in power (Reforming Pakistan's Civil Service: 1), it clearly illustrates that political pressures are rampant in our public sector organizations and results in poor employee job performance.

Is it related to lack of environmental facilitation?

It is perceived that public sector organizations lack technology, process and training but it is not the case. Most of the public sector organization have reasonable budget allocated for training & development, acquisition of new process and technology. But due to less motivation, corruption, biasness and political pressures these programs prove ineffective. It is found that employee selection for training is usually on the bases of favoritism instead of merit. In addition for process or technology re-engineering incompetent firms are selected that give lowest bid and pay bribe to high officials. That is why public sector organizations largely unsuccessful to get anticipated outcomes from trainings and technology advancements.

CONCLUSION

The public sector organizations in Pakistan are considered as one of the inefficient institutes of the country where poor governance, delayed processes, corruption, political and individual influences, lack of resources, low protection and salaries of public employees are prevailing causes. Due to these negative attributes, the public sector is unable to provide efficient service delivery to its clients, i.e. the common people who are always dissatisfied and frustrated about their performance. The study found that corruption and political interference have significant effects on employee's performance. Whereas, environmental factors; lack of training processes and lack of employee participation in decision making have minute impact on the employees' performance.

Public sector organizations can be made more efficient and policies can be made more effective only if the good governance principles of transparency, fairness, equal treatment and high salaries. Moreover, merit-based appointment, fair promotions based on objective evaluation, vertical and horizontal accountability mechanisms are introduced and practiced by the employees from the top to bottom of the organization. The policy making process should also be connected and integrated into policy implementation.

RECOMMENDATIONS

Economic incentive is one of the most important factors interfering with the performance of individuals in organizations. Attractive salary packages are needed to be introduced in public sector organizations in Pakistan. It will not only helpful in reducing corruption in government employees but also facilitate their job performance. In addition, performance related pay should also be introduced and linked to the efficiency and performance of the individuals. Promotions of the employees should be linked with their work efficiency, performance, punctuality, tasks completion, expertise and qualification instead of seniority or time period. Performance culture in public sector organizations can only be possible by adopting effective performance management and evaluation system, which objectively measure employee performance and linked it with compensation as well as promotion.

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